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ATTORNEY GENERAL OF NEW JERSEY  
Division of Law  
124 Halsey Street - 5<sup>th</sup> Floor  
P.O. Box 45029  
Newark, New Jersey 07101  
Attorney for Plaintiffs

By: Cathleen O'Donnell  
Deputy Attorney General  
(973) 648-4584

PETER C. HARVEY, Attorney General of the  
State of New Jersey, and KIMBERLY S.  
RICKETTS, Director of the New Jersey  
Division of Consumer Affairs,

Plaintiffs,

v.

BLOCKBUSTER, INC., JANE AND JOHN  
DOES 1-35, individually and as officers,  
directors, franchisees, shareholders, founders,  
owners, agents, servants and/or employees of  
BLOCKBUSTER, INC. AND XYZ  
CORPORATIONS 1-35,

Defendants.

DONALD F. PHELAN  
CLERK OF SUPERIOR COURT  
SUPERIOR COURT OF N.J.  
MERCER COUNTY  
RECEIVED AND FILED

DEC 23 2005

*Sue Regan*

SUE REGAN  
DEPUTY CLERK OF SUPERIOR COURT

SUPERIOR COURT OF NEW JERSEY  
CHANCERY DIVISION, MERCER COUNTY

Civil Action No. MER-C-24-05 (NHS)

CONSENT ORDER

**A True Copy**

*Sue Regan*

SUE REGAN  
Deputy Clerk of Superior Court

WHEREAS the parties to this action are Peter C. Harvey, Attorney General of the State of New Jersey, and Kimberly S. Ricketts, Director of the New Jersey Division of Consumer Affairs (collectively "Plaintiffs"), and Blockbuster Inc., as well as its officers, directors, shareholders, agents, servants and/or employees (collectively "Defendant");

WHEREAS Plaintiffs have asserted claims against Defendant pursuant to the New Jersey Consumer Fraud Act, N.J.S.A. 56:8-1 et seq. ("CFA"), and/or the regulations promulgated thereunder, N.J.A.C. 13:45A-1.1 et seq., including the Regulations Governing General

ENTERED  
*to*

Advertising Practices, N.J.A.C. 13:45A-9.1 et seq. ("Advertising Regulations"), the Refund Policy Disclosure Act, N.J.S.A. 56:8-2.14 ("Refund Policy Act"), and the Regulations Governing Disclosure of Refund Policy in Retail Establishment, N.J.A.C. 13:45A-15 et seq. ("Refund Policy Regulations");

**WHEREAS** Defendant denies Plaintiffs' allegations; and

**WHEREAS** Plaintiffs and Defendant (collectively the "Parties") have reached an amicable agreement resolving the issues in controversy and concluding this action without trial or adjudication of any issue of fact or law, and without an admission of liability or wrongdoing of any kind. The Parties enter into this Consent Order to avoid the expenses and uncertainty associated with further investigation and/or litigation.

IT IS on this 23rd day of DECEMBER, 2005 **ORDERED** and **AGREED** as follows:

### **1. DEFINITIONS**

As used in this Consent Order, the following words or terms shall have the following meanings:

1.1 "Advertisement" shall refer to any written, oral or electronic statement, illustration or depiction, that is designated to create interest in the purchase of, impart information about the attributes of, publicize the availability of, or effect the sale or use of, goods or services, whether the statement appears in a brochure, newspaper, magazine, free-standing insert, circular, mailer, package insert, package label, project instructions, electronic mail, website, home page, television, cable television, program-length commercial or "infomercial" or

any other medium. This definition applies to other forms of the word "Advertisement" including, without limitation, "Advertise" or "Advertising."

1.2 "Affected Consumer" shall refer to any New Jersey Consumer (as defined herein) who returned a rental under the "NLF Program" (as defined herein) and was charged a "Restocking Fee" (as defined herein), on a rental occurring between January 1, 2005 up to and including April 22, 2005.

1.3 "Clear and Conspicuous" and "Clearly and Conspicuously" shall refer to a statement that, regardless of the medium in which it is made, is presented in such type, size, color, contrast, duration, location and audibility, compared to the other information with which it is presented, that it is readily apparent and understandable and in language and terms used in accordance with their common or ordinary usage and meaning. If such statement modifies, explains or clarifies other information with which it is presented, it must be presented in proximity to the information it modifies, explains or clarifies and in a manner that is readily apparent and understandable.

1.4 "Consent Order" shall refer to this document titled "Consent Order" to be filed with the Court.

1.5 "Consumer" shall refer to any person, defined in accordance with N.J.S.A. 56:8-1(d), who is offered Merchandise, for sale, defined in accordance with N.J.S.A. 56:8-1(e). "New Jersey Consumer" (as defined herein) shall refer to a Consumer who engaged in a rental transaction at a corporate-owned Blockbuster store within the State of New Jersey.

1.6 "Division" or "Division of Consumer Affairs" shall refer to the New Jersey Division of Consumer Affairs.

1.7 "Effective Date" shall refer to the date this Consent Order is filed with the Court.

1.8 "Merchandise" shall be defined in accordance with N.J.S.A. 56:8-1(c) and N.J.A.C. 13:45A-9.1 and shall include VHS Tapes, DVDs, Computer and other Games.

1.9 "NLF Program" shall refer to the No More Late Fees Program instituted by Defendant on January 1, 2005 under which: (a) overdue rental Merchandise is converted to a sale on the eighth (8<sup>th</sup>) day after rental and the Consumer's credit card or Blockbuster Membership Account is charged for the sales price of the Merchandise minus the rental fee; (b) the Consumer may return the Merchandise within thirty (30) days of the conversion to a sale; and (c) upon such return, the sale price charged to a Consumer's credit card or Blockbuster Membership Account is credited; and (d) if the Merchandise is returned pursuant to the terms of the NLF Program as described therein, the Consumer is charged a Restocking Fee on the Merchandise.

1.10 "Participating Stores" shall refer to Defendant's corporate owned stores and those franchise stores that participate in the NLF Program.

1.11 "Policy Endcap" shall refer to the display of Defendant's policies located on the end of an aisle.

1.12 "Represent" means to state or imply through claims, statements, questions, conduct, graphics, symbols, lettering, formats, devices, language, documents, messages, or any other manner or means by which meaning might be conveyed.

1.13 "Restitution" shall refer to the reversal of specified Restocking Fees as set forth in section 3.1.

1.14 "Restocking Fee" shall refer to the fee Defendant charges any Consumer who returns rental Merchandise that has been converted to a sale under the NLF Program.

1.15 "State" shall refer to the State of New Jersey.

## 2. INJUNCTIVE RELIEF AND BUSINESS PRACTICES

Except as otherwise specifically set forth in this Consent Order, pursuant to the CFA, N.J.S.A. 56:8-8, Defendant shall be and hereby is permanently enjoined and restrained from directly or indirectly engaging in any of the following or from failing to engage in the following, as appropriate:

2.1 Defendant shall not engage in any unfair or deceptive acts or practices in the conduct of its business in the State and shall comply with such State and/or federal laws, rules and regulations as now constituted or as may hereinafter be amended, which are applicable to the conduct of its business including, but not limited to, the CFA, the Advertising Regulations, the Refund Policy Disclosure Act and the Refund Policy Regulations.

2.2 In any Advertisement of Merchandise, Defendant shall not use any type, size, location, lighting, illustration, graphic depiction or color, resulting in the obscuring of any material fact, in accordance with N.J.A.C. 13:45A-9.2(a)5.

2.3 In any Advertisement of Merchandise, Defendant shall not Misrepresent the reasons for, existence or amounts of price reductions, the nature of an offering or the quantity of Advertised Merchandise available for sale or rental, in accordance with N.J.A.C. 13:45A-9.2(a)(9). Plaintiffs agree that so long as Defendant complies with the terms of this Consent Order with respect to its Advertising of the NLF Program, it shall be in compliance with the

State consumer protection laws and regulations as they apply to Defendant's Advertising of its NLF Program.

**Advertisement of the NLF Program**

2.4 In any Advertisement of the NLF Program, Defendant shall Clearly and Conspicuously disclose the following: (a) that not all stores participate in the NLF Program; and (b) that the Restocking Fee may vary among Participating Stores.

2.5 Defendant shall require that all Participating Stores Clearly and Conspicuously disclose, through in-store signage which can be viewed by all Consumers in advance of and in connection with Consumers concluding rental transactions: (a) the actual Restocking Fee charged; (b) that the Restocking Fee is a per item fee; and (c) the period after which the rental will be converted to a sale. With respect to item 2.5(c), providing the information on the transaction receipt is deemed in compliance.

2.6 For at least until October 22, 2005, Defendant shall Clearly and Conspicuously display FAQ Brochures including, but not limited to, at a location accessible to Consumers in advance of and in connection with the Consumers' conclusion of rental or sales transactions. The FAQ shall remain on Blockbuster's website for as long as the NLF Program is maintained.

2.7 Defendant shall Clearly and Conspicuously disclose all material terms and conditions of the NLF Program. The current Policy Endcap (attached hereto as Exhibit A) is deemed to satisfy this requirement.

2.8 For at least until October 22, 2005, in each Participating Store, Defendant shall Clearly and Conspicuously post a one-sided 8½ x11 inch notice explaining the terms and conditions of the NLF Program. Such notice shall be posted in multiple locations in areas

reasonably calculated to inform Consumers of the NLF Program in the normal course of transacting business in the store including, without limitation, in advance of the Consumers' conclusion of rental or sale transactions. The notice must include the statement set forth in Exhibit A (attached hereto), at a minimum, in 26-point font.

2.9 For at least until October 22, 2005, Defendant shall include a hyperlink to the language in Exhibit B-1 on Defendant's blockbuster.com website, at a minimum, in 14-point font (both the link and the information).

2.10 Up to and including the October direct mail, Defendant shall include the disclosure in Exhibit B-2 (attached hereto) with its newsletter-format direct mail pieces discussing the NLF Program. Such disclosure shall be made, at a minimum, in 12-point-font, except for the highlighted wording, which will appear in font at least 1/4 headline cap height. All postcard and one-sheet foldover direct mail pieces that discuss the NLF Program shall include the disclosure in Exhibit B-3 (attached hereto) in at least 1/4 headline cap height and shall follow the requirements of Section 2.13.

#### **Future Advertising<sup>1</sup>**

2.13 As to the future Advertising of the NLF Program or any similar program that provides for the elimination, limitation or deferral of late fees or charges, Defendant shall provide that no English or Spanish language Advertising represents that there are no late fees or limited late fees unless accompanied by a Clear and Conspicuous disclosure of the existence of any charge that the Consumer may incur if Merchandise is returned after the due date and of any limitation on the stores participating in the offer. In the case of the current NLF Program, the

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<sup>1</sup> The requirements of Section 2.13 do not apply to advertisements for items or programs that do not have due dates, including in-store and online subscription programs that require a periodic membership fee.

following disclosure (or substantially similar disclosure) Clearly and Conspicuously accompanying the phrase "No Late Fees" or "The End of Late Fees" or equivalent phrase is an example of a disclosure that satisfies the foregoing requirement: "Participating stores only. Rental product kept more than 7 days after the due date is converted to a sale. Sale may be reversed by returning the product within 30 days of the sale date and paying a \$1.25 restocking fee. Franchisee restocking fees may vary." In the case of a radio Advertisement of thirty (30) seconds or less duration, the following disclosure (or a substantially similar disclosure) Clearly and Conspicuously accompanying the phrase "No Late Fees" or "The End of Late Fees" or equivalent phrase is an example of a disclosure that satisfies the foregoing requirement; "Participating stores only. See terms of automatic sale and restocking fee."

#### **New Account Documents**

2.14 Within sixty (60) days of the Effective Date, Defendant shall revise its Blockbuster Membership Account contract/agreement or provide an Addendum or Rider to the current contract/agreement to include all material terms and conditions of the NLF Program including, but not limited to, the assessment of Restocking Fees.

2.15 Defendant shall require all Participating Stores to use the Blockbuster Membership Account contract/agreement referenced in Section 2.14

2.16 Defendant shall put a policy in place and train employees to automatically provide to Consumers a blank copy of any Blockbuster Membership Account contract/agreement, at the time said contract/agreement is presented to Consumers for signature.

#### **Disclosure of Sales Price**

2.17 Defendant shall Clearly and Conspicuously disclose to Consumers at the point of sale including, but not limited to, store signage, on receipts or through store personnel, the price a Consumer's credit card or Blockbuster Membership Account shall be charged if the Merchandise rental is converted to a sale under the NLF Program.

#### Refund Policy

2.18 Defendant shall continue to post its refund policy in accordance with the Refund Policy Act, N.J.S.A. 56:8-2.16 and N.J.S.A. 56:8-2.17, and the Refund Policy Regulations, N.J.A.C. 13:45A-15.2. Plaintiffs agree and acknowledge that the signage bearing parts numbers 979669 complies with this requirement.

2.19 For so long as the NLF Program is kept in place, for other than the Affected Consumers, Defendant shall reverse any sales price conversion made in accordance with the NLF Program by crediting a Consumer's credit card or Blockbuster Membership Account no later than one (1) business day after the Merchandise is returned to the Participating Store, if the return is made within thirty (30) days of the sales price conversion.

#### Training of Personnel

2.20 Defendant shall train its store personnel as to the material terms and conditions of the NLF Program.

#### Calls/Postcards to Consumers

2.21 Defendant has instituted a process involving telephone calls and/or postcard reminders to remind Consumers: (a) that the Merchandise is overdue; (b) that they will be charged with the purchase price if they do not return the Merchandise; and (c) if a sale occurs, the Merchandise can be returned for a Restocking Fee.

### Additional Provisions

2.22 Defendant shall disclose to Consumers in the applicable BLOCKBUSTER Movie Pass and BLOCKBUSTER Game Pass terms and conditions that if they rent Merchandise under their Movie or Game Pass, any rentals that are considered "additional": (a) are not covered by the applicable Pass; and (b) are subject to otherwise applicable rental terms including, if applicable, the NLF Program. Defendant's rental receipts will continue to indicate which rentals are Pass rentals and which rentals have due dates.

### 3. RESTITUTION

3.1 Defendant shall refund or credit to Affected Consumers the first occurrence of Restocking Fees charged to the Consumers' credit card or Blockbuster Membership Account between January 1, 2005, and April 22, 2005. Said refund or credit shall be applied to the Affected Consumers' Blockbuster Membership Account within thirty (30) days of the Effective Date.

3.2 With respect to the remedial relief set forth in Section 2, Defendant maintains that it operates over 4500 corporate stores throughout the United States, with over 52,100 store employees through whom certain of these remedies must be implemented. Without waiving any relief available to the State under this Consent Order or applicable law, Plaintiffs acknowledge that it is not their intent to seek judicial relief under this Consent Order for incidental failures of Defendant's in-store employees to comply with Section 2, without giving Defendant an opportunity to correct such incidental failures.

### 4. AFFIDAVIT OF COMPLIANCE

4.1 Within sixty (60) days after the Effective Date, Defendant shall submit to the Plaintiffs an affidavit, subscribed to by an officer of Defendant attesting that it has furnished the Restitution to the Affected Consumers in accordance with Section 3.1.

#### 5. SETTLEMENT PAYMENT

5.1 Defendant shall pay the amount of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00) to the State ("Settlement Payment 1") to be applied to the funding of future and further Division of Consumer Affairs' initiatives, as well as to the reimbursement of attorneys' fees and investigative costs with respect to the State's investigation and/or litigation of Defendant's NLF Program.

5.2 Defendant shall pay the amount of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00) to the State ("Settlement Payment 2") to be applied to the funding of future and further Division of Consumer Affairs' initiatives, as well as to the reimbursement of attorneys' fees and investigative costs with respect to the State's investigation and/or litigation of Defendant's business practices other than the NLF Program.

5.3 Upon making Settlement Payment 1 and Settlement Payment 2, Defendant shall immediately be fully divested of any interest in, or ownership of, the monies paid and all interest in the monies, and any subsequent interest or income derived therefrom, shall inure entirely to the benefit of the State pursuant to the terms herein.

5.4 Within thirty (30) days of the Effective Date, Defendant shall make Settlement Payment 1 and Settlement Payment 2 by check made payable to "New Jersey Division of Consumer Affairs" and forwarded to the undersigned:

Cathleen O'Donnell, Deputy Attorney General  
State of New Jersey

Department of Law and Public Safety  
Division of Law  
124 Halsey Street - 5<sup>th</sup> Floor  
P.O. Box 45029  
Newark, New Jersey 07101

## 6. REPRESENTATIONS AND WARRANTIES

6.1 Defendant Represents that it has removed from its Participating Stores window signage Advertising the NLF Program that do not contain the agreed-upon disclosures.

6.2 Defendant Represents that it has removed from its Participating Stores the internal signage Advertising the NLF Program that do not contain the agreed-upon disclosures..

6.3 Defendant Represents that it has required that any franchise store that is not participating in the NLF Program remove any Advertising Representing that such store participates in the NLF Program.

6.4 Defendant Represents that, commencing with the May 2005 direct mail, Defendant has included the direct mail piece discussed in Section 2. Defendant also Represents that it will continue to include the direct mail piece discussed in Section 2 in all subsequent direct mailings that discuss the NLF Program up to and including the October 2005 direct mailing.

6.5 Defendant Represents that it does not offer Merchandise for sale without a plainly marked stamp, tag, label or sign either affixed to the Merchandise or located at the point of sale, in accordance with N.J.S.A. 56:8-2.5 and 56:8-2.6.

## 7. GENERAL PROVISIONS

7.1 This Consent Order is entered into by the Parties as their own free and voluntary act and with full knowledge and understanding of the obligations and duties imposed by this Consent Order.

7.2 This Consent Order shall be governed by, construed and enforced in accordance with, the laws of the State of New Jersey.

7.3 Except as otherwise explicitly provided in this Consent Order, nothing herein shall be construed to limit the authority of the Attorney General to protect the interests of the State or the people of the State.

7.4 The Parties have negotiated, jointly drafted and fully reviewed the terms of the Consent Order and the rule that uncertainty or ambiguity is to be construed against the drafter shall not apply to the construction of interpretation of this Consent Order.

7.5 If any provision of this Consent Order is held invalid or unenforceable by operation of law, the remaining terms of this Consent Order shall not be affected.

7.6 This Consent Order shall be binding upon the Parties and their successors. In no event shall assignment of any right, power, or authority under this Consent Order avoid compliance with this Consent Order.

7.7 Nothing in this Consent Order shall preclude the right of action by any person not a Party hereto.

7.8 This Consent Order sets forth the entire agreement among the Parties.

7.9 Except as otherwise provided herein, this Consent Order shall be modified only by a written instrument signed by or on behalf of the Parties.

7.10 Nothing in this Consent Order shall be construed to waive any claims of Sovereign Immunity the State may have in any action or proceeding.

7.11 This Consent Order is agreed to by the Parties and entered into by the State for settlement purposes only. Neither the fact of, nor any provision contained in this Consent Order nor any action taken hereunder shall constitute, or be construed as: (a) an approval, sanction or authorization by the Attorney General, the Division or any other governmental unit of the State of any acts or practices of the Defendant; and (b) an admission by Defendant that any of its acts or practices described in or prohibited by this Consent Order are unfair or deceptive or violate any of the consumer protection laws of the State. This Consent Order is not intended, and shall not be deemed, to constitute evidence or precedent of any kind, except in: (a) any action or proceeding by one of the Parties to enforce, rescind or otherwise implement or affirm any or all of the terms of this Consent Order; or (b) any action or proceeding involving a Released Claim (as defined in Section 7.1) to support a defense of res judicata, collateral estoppel, release or other theory of claim preclusion, issue preclusion or similar defense.

7.12 Unless otherwise prohibited by law, any signatures by the Parties required for filing of this Consent Order may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same Consent Order.

## 8. RELEASE

8.1 In consideration of the injunctive relief, payments, undertakings, mutual promises and obligations provided for in this Consent Order, and conditioned on Defendant making the Settlement Payment as specified in Section 4 and providing the Restitution as specified in Section 3, the Plaintiffs hereby agree to release Defendant from any and all civil claims or

Consumer related administrative claims which the Plaintiffs could bring or could have brought prior to the Effective Date against Defendant for violations of the CFA, the Advertising Regulations, the Refund Policy Act and/or the Refund Policy Regulations as alleged in the Complaint in this Action, as well as the matters addressed in this Consent Order (the "Released Claims").

8.2 Notwithstanding any term of this Consent Order, the following do not comprise the Released Claims: Private rights of action, provided however, that nothing herein shall prevent Defendant from raising the defense of set-off, among others, against a Consumer who has received Restitution.

#### **9. FORBEARANCE ON EXECUTION AND DEFAULT**

9.1 In the event Defendant fails to observe or perform any of its obligations under this Consent Order and Defendant fails to cure such default within fourteen (14) days after receipt of written notice from the Plaintiffs to do so, then the Plaintiffs may exercise any rights or remedies available to it under the law.

9.2 Defendant agrees to pay all reasonable attorneys' fees and costs including, but not limited to, Court costs, associated with any successful collection efforts by Plaintiffs pursuant to this Consent Order.

9.3 Defendant agrees that if it defaults on making the Settlement Payment under Section 4 or if it substantially fails to make any Restitution payments under Section 3, then Plaintiffs shall be able to seek any remedies available at law including, but not limited to, statutory interest.

#### **10. PENALTIES FOR FAILURE TO COMPLY**

10.1 The Attorney General (or designated representative) shall have the authority to enforce the injunctive provisions of this Consent Order or to seek sanctions for violations hereof or both.

10.2 Nothing herein shall be construed to exonerate any contempt or failure to comply with any provision of this Consent Order after the Effective Date, to compromise the authority of the Attorney General to initiate a proceeding for any contempt or other sanctions for failure to comply with this Consent Order.

#### **11. COMPLIANCE WITH ALL LAWS**

11.1 Except as provided in this Consent Order, no provision shall be construed as:

- (a) Relieving Defendant of its obligations to comply with all State and federal laws, regulations, rules, or as granting permission to engage in any acts or practices prohibited by such law, regulations or rules; or
- (b) Limiting or expanding any right Plaintiffs may otherwise have to obtain information, documents or testimony from Defendant pursuant to any State or federal law, regulation or rule, or limiting or expanding any right Defendant may otherwise have pursuant to any State or federal law, regulation or rule, to oppose any process employed by Plaintiffs to obtain such information, documents or testimony.

#### **12. NOTICES UNDER THIS CONSENT ORDER**

12.1 Except as otherwise provided herein, any notices or other documents required to be sent to the Parties pursuant to this Consent Order shall be sent by United States mail, Certified Mail Return Receipt Requested, or other nationally recognized courier service that provides tracking services and identification of person signing for the documents. The notices and/or documents shall be sent to the following addresses:

- a. All notices directed to the Plaintiffs shall be sent to:

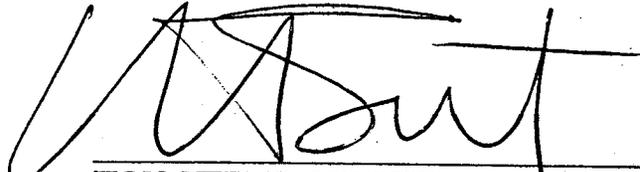
Cathleen O'Donnell, Deputy Attorney General

State of New Jersey  
Department of Law and Public Safety  
Division of Law  
124 Halsey Street - 5<sup>th</sup> Floor  
P.O. Box 45029  
Newark, New Jersey 07101

b. All notices directed to Defendant shall be sent to:

General Counsel  
Blockbuster, Inc.  
1201 Elm Street  
Dallas, TX 75270

IT IS ON THE 23<sup>rd</sup> DAY OF DECEMBER, 2005 SO ORDERED.

  
\_\_\_\_\_  
HON. NEIL H. SHUSTER, P.J. Ch.

**JOINTLY APPROVED AND  
SUBMITTED FOR ENTRY:**

**FOR THE PLAINTIFFS:**

**PETER C. HARVEY  
ATTORNEY GENERAL OF NEW JERSEY**

By:   
\_\_\_\_\_  
Cathleen O'Donnell  
Deputy Attorney General

Dated: December 23, 2005

124 Halsey Street - 5<sup>th</sup> Floor  
P.O. Box 45029  
Newark, New Jersey 07101

(973) 648-4584

**FOR THE DEFENDANT:**

**DECOTIIS, FITZPATRICK, COLE & WISLER, LLP**  
**Attorneys for Defendant**

By: Alfred C. DeCotiis (dc)  
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DeCotiis, Fitzpatrick, Cole & Wisler, LLP  
500 Frank W. Burr Boulevard  
Teaneck, New Jersey 07666  
(201) 928-1100

Dated: 12/22, 2005

FOR DEFENDANT:

BLOCKBUSTER INC.

By: Judy C Norris

Dated: December 21, 2005

Print Name: Judy C Norris

Title: SVP and Sr. Corp. Counsel

Address: 201 Elm St., Dallas, TX 75270



# information

## rental terms

Movie and game rentals are due back at the date and time stated on the transaction receipt. There is no additional rental charge if a Member keeps a rental item beyond the proposed rental period. However, if a Member chooses to keep a rental item more than a week after the end of the rental period, Blockbuster will automatically convert the rental to a sale on the eighth day after the end of the rental period. Blockbuster will charge the membership account or the Member's credit card the selling price for the item in effect at the time of the rental, which is either (1) the retail price charged by that BLOCKBUSTER store for the product if sold as new, if the product is not available for sale as previously rented product at that BLOCKBUSTER store at the time of rental, or (2) the selling price charged by that BLOCKBUSTER store for the product if sold as previously rented product, if the product is available for sale as previously rented product at that BLOCKBUSTER store at the time of rental. The selling price will be discounted by the amount of the initial rental fee paid by the Member at the time of rental. If the Member returns the item within 30 days of the sale date, Blockbuster will credit back the membership account the amount previously charged to the Member's credit card, as applicable, for the selling price of the item, but the Member will be charged a restocking fee. All rental items must be returned to the proper BLOCKBUSTER store. These rental terms are subject to change without notice at any time. Participating stores only. Retail terms and policies may vary in franchised locations. Additional membership rules apply for rentals.

## game rental policy

Members wishing to have their movie or game checked out at a time must secure their account with a valid major credit card, which may be charged as authorized in membership agreement. Blockbuster does not accept debit cards or check cards (debit cards with a credit card logo) as security on Member accounts.

## check policy

Each Member may write a total of \$50 in checks per calendar day. A Member may write more than one check per calendar day, but the total amount for all checks written at all BLOCKBUSTER stores combined in any given calendar day may not exceed \$50. Checks will be accepted for the amount of purchase only and will require a valid government issued I.D. (Driver's License, Military I.D., State I.D., or Passport). Out-of-state checks, non-permitted checks, and travelers checks will not be accepted. All checks are subject to verification. No checks including travelers checks will be accepted from a non-member for any transaction. When you pay by check, if your check is dishonored or returned for any reason, you expressly authorize BLOCKBUSTER or its agent to debit or electronically debit your account for the amount of the check, plus the state allowed service fee and any applicable sales tax. These policies are subject to change from time to time without prior notice.

## privacy policy

BLOCKBUSTER will take reasonable steps to protect Member privacy consistent with the guidelines set forth in this policy and the law. Blockbuster supports the requirements and intent of the Video Privacy Protection Act of 1988 and will require employee compliance with the Act.

Blockbuster, its affiliates and franchisees may use Member information to develop and improve the products, benefits, and services we or selected business partners offer to BLOCKBUSTER Members. Blockbuster will provide its members with the opportunity to make elections with respect to receiving promotional materials, products, or other communications from (1) Blockbuster, including its affiliates and franchisees, or (2) their business partners. Subject to a Member's exercise of such election opportunities, BLOCKBUSTER Membership Terms and Conditions permit Blockbuster, its affiliates and franchisees to release certain membership data such as names, addresses, e-mail addresses, and/or subject matter of video material to their business partners for the exclusive purpose of marketing goods and services directly to members. Blockbuster, its affiliates and franchisees may share and use certain membership data in the ordinary course of their business, including for account maintenance, debt collection and marketing. Under no circumstances will Blockbuster disclose title specific information to anyone except as allowed by law.

Blockbuster may also disclose personally identifiable information concerning a Member (1) to a Member, (2) pursuant to a law enforcement warrant, criminal or grand jury subpoena, or court order, or (3) in the ordinary course of business, such as (without limitation) debt collection and transfer of ownership.

Please speak with the manager on duty regarding your election for participation in promotional efforts.

## giftcard and valuecard policy

A BLOCKBUSTER GiftCard or ValueCard will expire after 24 months of non-use, except that expiration is void for GiftCards sold in CA, CT, LA, MA, ME, NH, RI, VA and where prohibited by law.

Your use of a BLOCKBUSTER GiftCard and/or ValueCard constitutes your acceptance of these terms. BLOCKBUSTER GiftCards and/or ValueCards may be applied toward the cost of any eligible merchandise sold or rented at any participating BLOCKBUSTER store location located in the United States up to the remaining value, except that GiftCards, ValueCards and store credit cannot be used to purchase GiftCards. Membership rules apply for rental. GiftCards and/or ValueCards are not redeemable for cash, except where required by law, may not be returned and will not be replaced if lost, destroyed, or stolen.

## dispute resolution

To truly resolve any dispute arising between you and Blockbuster Inc. regarding your membership, account, fees, your purchase or use of a BLOCKBUSTER GiftCard or ValueCard, any transaction with Blockbuster Inc., or any Blockbuster policies, you and Blockbuster Inc. agree that any claims of these types by either you or Blockbuster Inc. shall be settled exclusively by binding arbitration governed by the Federal Arbitration Act and administered by the American Arbitration Association under its rules for the resolution of consumer-related disputes, or under other mutually-agreed procedures. Because this method of dispute resolution is personal, individual, and provides the exclusive method for resolving such disputes, you further agree that you will not participate in a class action or class-wide arbitration for claims covered by this agreement.

## quality guarantee

If the quality of your previously played movie or game isn't satisfactory, just return it with your receipt within 30 days to exchange it or get a full refund. Merchandise returned for quality reasons must be in its original packaging as sold by BLOCKBUSTER and must be accompanied by your original receipt from the BLOCKBUSTER store location where it was purchased. Exchange limited to the same previously played movie or game.

## refund and return policy

BLOCKBUSTER will refund your purchase of any new merchandise (except food items) appearing in its unopened original packaging anytime, provided you have the original receipt. BLOCKBUSTER will refund the purchase price of any pre-owned, defective or mislabeled products returned within 30 days, provided you have the original receipt. Refunds for purchases made with a charge card will be credited to the same charge card. Refunds for purchases made by check or cash will be given in cash. Please allow 7 business days to process refunds for payment made by check. Refunds for purchases made with a GiftCard or ValueCard will be credited to the same or new card. This Return Policy not applicable to products/services specifically marked with a different return policy. See "rental terms" above for information about return of rental product which has been converted to a sale.

## we accept all competitors' rental coupons

For a limited time only, participating BLOCKBUSTER stores will honor the rental price on competitors' coupons. All rentals are subject to the rental terms at a participating BLOCKBUSTER store. Participating BLOCKBUSTER stores will not match rental terms other than the price offered on such coupons. By way of example only, if the competitor coupon said "one movie rental for \$1.50 for 7 days," we would honor the \$1.50 rental price on a movie rental but the rental period would remain either a 2-day or 1-week rental as applicable. Customers must present and relinquish an original competitor's coupon with a valid expiration date at time of transaction to take advantage of this offer. Only one coupon may be redeemed per visit, and coupons may not be transferred or combined with any other offers or discounts. Offer not valid on equipment rentals, delinquent driving rentals (DVD or VHS), electronic titles coupon or any rental passes. Rental prices do not include any applicable taxes.

## youth restricted viewing policy

BLOCKBUSTER policy is to refuse rental or sale of "R" rated movies, "17" rated games or other product designated as restricted, to youths under the age of 17 unless parental consent is given. You may elect during membership sign up or by asking one of our Customer Service Representatives to allow youths listed on your account to rent or purchase restricted product.

## MPAA ratings

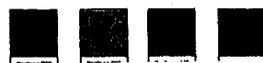
General Audiences: All Ages Admitted  
Parental Guidance Suggested: Some material may not be suitable for children  
Parents Strongly Cautioned: Some material may be inappropriate for children under 13  
Restricted: Under 17 requires accompanying parent or guardian  
No One Under 17 Admitted

## ESRB ratings

ESRB ratings: EC (Everyone), E (Everyone 10 and up), E10+ (Everyone 10 and up), TE (Teen), T (Teen 13 and up), M (Mature 17 and up), RP (Rating Pending), R (Restricted 17 and up), AO (Adults Only 18 and up).

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<b>BLOCKBUSTER SIGNAGE</b> Date: 03/25/05	
Project Name: Legal Endcap - Revised National	
Job #: 5077 Sign #: 996912	Sign Type: Endcap Panel
Trim Size: 18.156" x 35.87"	Use Area: N/A
Blind: .25"	Color(s): 4/C
Program Dates: 04/26/05-Permanent	Art to Print: 3/25/05



## **EXHIBIT B**

### **In-store and Website Link (Exhibit B-1)**

Membership rules apply for rentals. Rentals are due back at the date and time stated on the transaction receipt. There is no additional rental charge if a member keeps a rental item up to 7 days beyond the pre-paid rental period. **After 7 days beyond the due date, Blockbuster will automatically convert the rental to a purchase on the 8<sup>th</sup> day and will charge members the selling price for the item in effect at the time of the rental, minus the rental fee paid. Member then has 30 days to return the product and receive a credit for the selling price charged, less a \$1.25 restocking fee. These terms available at participating stores only.** Franchisee restocking fees and sales conversion time frames may vary. See policy endcap for complete terms and conditions.

### **Newsletter Direct Mail (Exhibit B-2)**

Membership rules apply for rentals. Rentals are due back at the date and time stated on the transaction receipt. There is no additional rental charge if a member keeps a rental item up to 7 days beyond the prepaid rental period. **After 7 days beyond the due date, Blockbuster will automatically convert the rental to a purchase on the 8<sup>th</sup> day and will charge the member the selling price for the item in effect at the time of the rental, minus the rental fee paid. Member then has 30 days to return the product and receive a credit for the selling price charged, less a \$1.25 restocking fee. These terms available at participating stores only.** Franchisee restocking fees and sales conversion time frames may vary. See store or blockbuster.com for complete terms and conditions.

### **Postcard or One-Sheet Foldover Direct (Mail Exhibit B-3)**

Participating stores only. Rental product kept more than 7 days after the due date is converted to a sale. Sale may be reversed by returning the product within 30 days of the sale date and paying a restocking fee.